

Tanana Chiefs Conference, Inc.

122 First Avenue Suite 600
Fairbanks, Alaska 99701-4897
(907) 452-8251 (907) 459-3859 FAX

March 24, 1999

Mr. William Kennard, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Ms. Cheryl Parrino, CEO
Universal Services Administrative Corporation
583 D'Onofrio Drive Suite 201
Madison, WI 53719

Re: CC Docket Nos 96-45 and 97-21, DA 99-521 Submitted electronically through the FCC website

Dear Chairman Kennard and Ms. Parrino:

I have reviewed the "Evaluation of the Rural Health Care Program" report that was presented to you on March 4, 1999. My understanding is that comments are requested by March 29, 1999.

First let me say that we appreciate Congress providing funding to help rural health clinics improve their data connectivity. Without this funding being available for data services, it is doubtful we would be seriously considering the expenditure of substantial sums for equipment and support that such an endeavor will require. This program will be helpful to rural health care providers.

This report seems to be a fairly thorough evaluation of the Rural Health Care Corporation's efforts to administer the program. Having been one of the few applicants (a 32 clinic consortium) that submitted their request by the July 1998 deadline, I can understand what has worked and what hasn't. At this point, regarding Tanana Chiefs' application, I figure that, by the time contracts can be established, equipment purchased, any particular circuits ordered and installed, it will be the start of the next program year (July 1999) and new applications will have to be submitted. Until disbursements are authorized, we are not likely to proceed further in the application process.

I find it ironic that the sole sticking point toward authorizing disbursements is the completion of a pre-disbursement audit, which requires confirmation "that procedures are in place to guard against waste, fraud, and abuse" (p. 21). At the same time, the report is detailing the large administrative expenditures for which no benefits have yet been provided to the designated recipient groups pending the completion of a pre-disbursement audit. For the record, Tanana Chiefs appears to be eligible for \$ 260,000 annually, should we get that far with this program.

I attribute no fault with the substantive delays to Price Waterhouse Cooper. As your contracted administration for this program, they have been absolutely excellent in responsiveness to issues within their ability to answer. The website they developed is thorough and helpful (though I could do without the "cookies"). However, reading that they have been receiving \$22,000 a month to maintain it (p. 48), I can understand the need to reduce this cost.

I read that the program was scaled for \$400 million program with 12,000 applicants in the first year (p. 18) and that administrative costs are out of proportion to (anticipated) program delineated funds. I think it can be expected that there would be substantive startup costs for this program. We all discovered that there were numerous impediments, not the least of which have been a monumental task in collecting the rates in every area so as to calculate the urban rate, a couple of problems in Alaska (the bulk of the applications), and numerous other smaller problems that have delayed the implementation of the program to perhaps allow the first disbursements in April 1999. A lot of the problems relate to the fact that, in program design, a T-1 service level was assumed to be available everywhere from a LEC, when it is in fact the rural areas for which this program is supposed to benefit that are sorely lacking, not just by cost but by service availability as well.

As someone familiar with telecommunications technically, with the various carriers, tariffs, etc., I still spent about 200 hours preparing the initial 465, 466, and getting the 468 forms out of the ETC's. A lot of time was spent just educating the ETC's (and indirectly the IXC's) on the program and trying to resolve the various challenges of the Alaska problems with PWC, RHCC, USAC, and the FCC. Since most rural health care companies don't have the benefit of a trained telecommunications person on staff, it has been the help desk of PWC trying to educate the users to talk to the ETC's and other systems design folks to figure out how the program is supposed to work. Tanana Chiefs still has to complete contracts for each of our 32 sites (due to the "Alaska Solution" for non-ETC services) and finish Form 468 worksheets, which will take a fair bit of time. As I indicated earlier, we don't intend to do this until it is certain that we will receive some benefit this program year. Even if approved, it will take a couple of months to get equipment ordered and services on line.

While many of the bugs have been worked out to get the program on track, some suggest amending the Telecommunications Act of 1996. I think it would be advisable to avoid remanding this back into the legislative forum, as it would lead to additional delays and possibly create more problems than it solves. One example is the authorized funding for services only. While there are obvious costs for equipment and support that are not funded by this program, there are other sources of funding that rural health care providers now receive or can pursue. The Rural Health Care Program is intended to provide equity for the cost of service, as does the USF in general.

The authors of the report suggest major changes in support calculations that aren't clear to me, which would likely reduce support costs in Alaska, or which add to the impediments that we have mostly overcome in Alaska. Furthermore, since most urban rates have been established, it would cost yet more administrative funds to re-define the calculations, as the authors of the report suggest. Rather than suggest major changes requiring additional administrative efforts, I see it as more productive to tweak the program guidelines based upon what has already been established (e.g. urban rates). On behalf of the ETC's who are charged with filling out Form 468 worksheet, I would be happy to see it simplified, but it is not a major issue. We already spent a fair bit of time putting the 465 and 466 forms into a usable template, so with any changes, we will have to do most of this laborious work again.

It has not been typical for rural LEC's to provide the coordination and billing for long haul circuits, as mandated by this program – this has fallen to the IXC's. This was an issue most apparent in requesting services in Alaska, most of which will be payable eventually to the IXC's. However, with deregulation, such experience will provide an indirect benefit, as the services offered merge amongst all service providers. I would support the monthly payment to the LEC's by the RHCD for services to resolve their cash flow problem, unless the IXC's are willing to also wait until the LEC's are reimbursed by the RHCD. I don't think that the IXC's should be pushing for qualification as ETC's – they stand to reap most of the income from this program as it is.

I think the best recommendation I can offer, and one that I have made along with submitted forms 466 and 468, is that the first program year be extended to December 1999. This will give those of us who spent so much time on the first year applications to receive some benefit from having done so. Alternately, our applications for the first year could be transferable to the second application year so we don't just generate more needless paper to pursue the goals of the program.

Respectfully submitted,

Gary C. Newman

Facilities/Telecommunications Manager
Ext. 3119 / gnewman@tananachiefs.org